REMARKS

This application has been carefully reconsidered in view of the Office Action of July 31, 1997. In response, Claims 2, 8, 12, and 15 have been amended. Further, the Applicants have introduced new independent Claims 16, 17, and 18 which incorporate the limitation of Claims 7, 11, and 14 respectively.

A. Claims 2, 8, 12, and 15 are objected to because of informalities.

Applicants have amended Claims 2, 8, 12, and 15 in accordance with the Examiner's suggestions. It is believed the Examiner's objections have been fully addressed.

B. Claims 1, 3, 5-6, 9, 12-13, and 15 are rejected under 35 U.S.C. § 103(a) as being unpatentable over the teachings of the prior art disclosed in the "Background of the Invention" section in view of U.S. Patent No. 5,592,375 to Salmon.

Claim 1 discloses the invention of joining at least two participants to a common database which displays information about electricity available for purchase or offers to buy electricity. In contrast, the Salmon '375 reference discusses the use of a database to allow an employer to review the resumes of potential employees. The resumes can be searched according to a number of elements. Admittedly, the Abstract of Salmon '375 discusses the use of a database, a buyer's interface and a seller's interface. However, there is absolutely no suggestion in the patent that it could be applied to electricity trading as required in the preamble of Claim 1. Indeed, the Examiner is invited to review Figures 2a thru 7n in Salmon '375. Each is exclusively focused on the interface used to review the resumes in the database.

The Federal Circuit has several times expressly addressed the issue of how to evaluate an alleged case of prima facie obviousness to determine whether it has been properly made:

> Obviousness cannot be established by combining the teachings of the prior art to produce the claimed invention, absent some teaching, suggestion or incentive supporting the combination.

ACS Hospital Systems, Inc. v. Monetfiore Hospital, 732 F.2d 1572, 1577 (Fed. Cir. 1984).

Thus, the question raised under § 103 is whether the prior art taken as a whole would suggest the claimed invention taken as a whole to one of ordinary skill in the art. Accordingly, even if all of the claim elements are disclosed in the various prior art references, the claimed invention is not rendered obvious if there is no suggestion to combine the references. This is clearly the case with the Salmon '375 patent. It never offers any clue that the system could be modified to address the needs of electricity producers to sell excess capacity or to purchase electricity to meet a shortfall.

The method set forth in Claim 1 has been implemented with great success. The attached Affidavit of Brent Comstock is offered to demonstrate this success. Mr. Comstock works for Continental Power Exchange, a subsidiary of the assignee of the application, Intercoast Energy. As such, he is very familiar with the amount of electricity traded and the number and size of participants subscribing to the system. In approximately two years, over sixty companies have joined the CPEX trading system. These participants represent over 50% of the electricity production capacity of the United States. The amount of energy traded with the system is in excess of 1,000,000 Megawatt-Hours ! Further, the participants have praised the benefits of the CPEX system in newsletters and other forums. In view of this commercial success, Claim 1 and each of its dependent claims should be allowed.

C. Claims 2, 4, 8; and 10 are rejected under 35 U.S.C. § 103(a) as being unpatentable over the "Background of the Invention" section, Salmon '375, and the article "Wheeling in Canada" by Fytche.

The comments above distinguishing the Salmon '375 patent are equally applicable in rebutting the rejection of Claims 2, 4, 8 and 10. The Fytche article does little to compensate for the deficiencies of the Salmon '375 patent. The Examiner was evidently basing his opinion on the abstract of the article available on the Dialog database. A complete copy of the article has been obtained by the Applicants and included for the Examiners review.

Fytche is concerned about long-term energy production planning in Canada. His article focuses on the fixed costs involved with the construction of additional production capacity and where that capacity should be located in Canada. He does consider the economics of purchasing energy from a single more efficient producer elsewhere, and includes the "wheeling" fee of a single intermediate carrier in making an overall cost comparison.

Fytche does not contemplate the trading of electrical energy for short term delivery as required by the claims. As set forth in the specification, the CPEX system focuses on the delivery of energy in the next hour. Instead, Fytche is considering the multi-year effort of building capacity.

Fytche does not contemplate the calculation of a "least cost path." He does examine how to achieve a low cost path but not the least cost path. The difference is one of the features that has led the CPEX system to such success. The least cost path involves the calculation of multiple wheeling costs over a variety of potential paths. In other words, multiple paths are present for the transmission of energy from a seller to a buyer. Sometimes the paths involve multiple intermediaries. Thus, keeping record of the wheeling fees for each

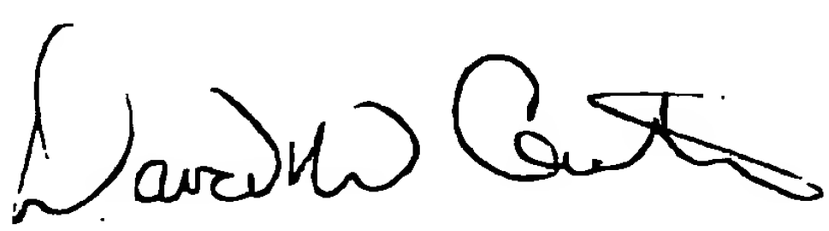
and automatically calculating the least cost path across the intermediaries is a far more sophisticated method than contemplated by Fytche. I view of the failure of Fytche to anticipate the calculation of a least cost path as that term is used in the claims, the claims should be allowed.

D. Claims 7, 11, and 14 are allowable over the prior art of record.

The Applicant gratefully acknowledges the allowability of Claims 7, 11, and 14. Therefore, Applicants have added new claims 16, 17, and 18 which incorporate the limitations of these claims and any intervening claims.

In view of the amendments and remarks, the Applicant respectfully requests that the claims be allowed. If any other issues exists, the Examiner is encourage to call the undersigned attorney of record.

Respectfully submitted,



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